



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

Office Of The Assistant Secretary

APR 6 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION,
TECHNOLOGY AND LOGISTICS)

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Air Force Commercial Acquisition Implementation Plan (Your Memo, 5 January 2001)

This memorandum outlines the Air Force Commercial Acquisition Implementation Plan requested in the subject memo. The plan's objectives are the following two mandated goals:

- a. Double the dollar value of FAR Part 12 contract actions awarded in 1999 by the end of fiscal year (FY) 2005. Our 1999 baseline is \$451 million (new contract awards and delivery orders only).
- b. Increase the number of FAR Part 12 contract actions awarded to 50 percent of all Air Force actions by the end of FY 2005. Our 1999 percentage was 44.2 percent out of 9,979 actions (new contract awards and delivery orders only).

Details for our four-part implementation plan are in the attached charts. Part I, Acquisition Team Awareness, highlights the role of the competition/commercial advocates in leading progress towards goal achievement. Progress will be tracked in the annual competition report to this office. Use of commercial items will be addressed in acquisition plans and strategy panels.

A metrics-based improvement process is detailed under Part II. Featured are quarterly web-based reports using DD 350 data and a Federal Supply Classification (FSC) "peel-back" methodology intended to target commercial opportunities. Air Force-wide application of this methodology, to include consistent data input, will support steady process improvement adjustments to this plan. The web-based reports and "peel-back" methodology are currently under development.

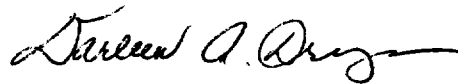
While the above two goals remain Air Force-wide, Part III of our plan focuses on MAJCOM level implementation. Each of our MAJCOMs has a unique mix of warfighter requirements and available budget. Their leadership must retain the ability to tailor each MAJCOM annual goal within these constraints. MAJCOM feedback will focus on barriers to goal achievement, regulatory and statutory change proposals, market research and requirements definition lessons learned, and metrics-based ideas for adjusting this implementation plan.

The fourth part of this plan is training. We plan to review and modify, as needed, both our Lackland AFB schoolhouse curriculum and our on-line contracting toolkit, to host Competition/Commercial Advocate meetings and to support tailored training provided by field Competition/Commercial advocates.

We believe our plan will lead to maximum Air Force use of FAR Part 12 procedures given our warfighter requirements. Achieving the mandated dollar goal, however, remains challenging for the following reasons. Air Force Materiel Command (AFMC), responsible for major weapon system development, production and sustainment, obligates 85 percent of Air Force contract dollars. In FY2000, less than nine percent of their prime contract dollars (new actions and modifications) were awarded under FAR Part 12 procedures, primarily because of the nature of their requirements and FAR Part 12 contract type restrictions. In the operational world, approximately 52 percent of our dollars are obligated for services. Commercial practice for service buys often includes cost-reimbursement or time-and-material line items, contract types currently prohibited under FAR Part 12.

FAR Part 12 usage, as currently captured in our DD 350 data, does not represent a comprehensive measure of Air Force efforts to incorporate commercial and commercial-like business practices. Cost-type contracts, prohibited under FAR Part 12, are not unknown in business-to-business arrangements. We use market research and FAR Part 15 procedures to incorporate best practices from these types of commercial arrangements whenever possible. Construction, a significant operational requirement with business arrangements widely available to the general public, also is not counted under FAR Part 12. In addition, data on FAR Part 12 subcontracts by major systems primes is not routinely collected and analyzed.

We look forward to working with you to eliminate barriers and identify process improvement opportunities as we maximize commercial acquisition opportunities using all available FAR procedures. Please ask your staff to address questions to our points of contact: Lt Col Shelly Kalkowski, DSN 425-7072, michelle.kalkowski@pentagon.af.mil, and Ms. Madhu LeFevre, DSN 425-7071, madhu.lefevre@pentagon.af.mil.



DARLEEN A. DRUYUN
Principal Deputy Assistant Secretary
(Acquisition & Management)

cc:

ALMAJCOM-FOA-DRU (Contracting)
AF Program Executive Officers
AF Mission Area Directors